

Good morning, my name is Marie Lenane and I am a Purchase of Service Pricing Analyst at the Executive Office of Health and Human Services (EOHHS). I am here to present staff testimony on the proposed amendments to 101 CMR 414.00: Rates for Family Stabilization Services, that will amend the rates for family stabilization services currently purchased by the Department of Children and Families (DCF) as Family Resource Centers (FRCs). FRCs are community-based, culturally competent programs that provide evidence-based parent education groups, information and referral, mentoring, and other opportunities for children and families in need.

Amendments to this regulation are being proposed at this time in accordance with M.G.L. Chapter 118E, Section 13D, which requires the Secretary of EOHHS to establish by regulation rates of payment for social services that are reasonable and adequate to meet the costs incurred by efficient and economically operated social service providers.

The rates for Family Resource Center (FRC) services, purchased by DCF, are being updated to include an increase by a cost adjustment factor (CAF) of 2.78%, effective July 1, 2023. The CAF was determined by using baseline and prospective Massachusetts Economic Indicator data from IHS Economics – Fall 2022 Forecast, optimistic scenario data. The CAF reflects the period between the rates' base period (calendar year 2023 Q2) and the prospective period of fiscal years 2024 and 2025. In addition to the FY24 CAF, the rates for all services have been updated to include all staff salaries. It is the Purchase of Service (Chapter 257) policy to utilize salary data from the most recent version of the Massachusetts Bureau of Labor Statistics Occupational Employment and Wage Statistics (OEWS) available at the time of the rate review. As such, the benchmarks are derived from the Massachusetts Bureau of Labor Statistics (BLS) wages dated May 2021 at the 53rd percentile. The occupancy expenses are benchmarked to the FY21 Uniform Financial Statements and Independent Auditor's Report (UFR), and the other programmatic expenses are based on the purchasers' recommendation and/or the prior benchmark inclusive of previous cost adjustment factors. The administrative allocation is benchmarked to 12% and the tax and fringe rate has been benchmarked to 25.39%. This benchmark is derived from the MA Comptroller's FY23 approved rate less terminal leave and retirement. This benchmark includes an additional 2% to be used to promote workforce initiatives such as retirement benefits.

The total projected annualized cost to state government from the increase in rates effective July 1, 2023, is approximately \$2.5 million, which represents an increase of 11.94% over FY23 projected spending of approximately \$21 million.

This concludes my testimony. Thank you.